

Long-Term Borrowing (Debt) Proposal

Information to be supplied to National Treasury and Provincial Treasury Municipal Finance Management Act (No 56 of 2003)

The MFMA requires a municipality or municipal entity to invite the National Treasury, the relevant provincial treasury and the public to submit written comments or representations to the council / board of directors in respect to the raising of any proposed debt through borrowing or any other instrument (refer sections 46 & 108).

To expedite this process and to enable the National Treasury and relevant provincial treasury to provide informed comments, the municipality / municipal entity is requested to supply the following information and include the attached signed certification, along with the invitation for comment. Failure to provide this information may delay the process.

Information to be provided with respect to a long-term debt proposal

	Details	MFMA
1	A copy of the <i>information statement</i> required by section 46(3), containing particulars of the proposed borrowing (debt) instrument. Publication of the information statements in the Weslander of 09 April 2020, see annexure "A"	46(3)(a)(i)
2	If not already incorporated in the <i>information statement</i> , please ensure the following information is provided separately (note QBMR = Quarterly Borrowing Monitoring Return to NT, see over page for further information): - amount of debt to be raised through borrowing or other means - purposes for which the borrowing (debt) is to be incurred - interest rate(s) applicable (state whether fixed or variable etc) - planned start and end date (term of instrument) - detailed repayment schedule for the duration of the borrowing (debt) (showing dates and all payments of principal and interest, etc) - total estimated cost of the borrowing (debt) over the repayment period - type of instrument (select from QBMR) - security to be provided (select from QBMR) and provide details - source of loan funds (select from QBMR) N/A- Information is incorporated in the information statement	46(3)(b)(i) and (ii)
3	A schedule of consultation undertaken, including: - date(s) when the <i>information statement</i> was made public - - details of meetings, media adverts and other methods used to consult on the proposed long-term borrowing (debt) Invitation for public comments published in Weslander of 09 April 2020, see annexure "A"	46(3)(a)(i), (ii)
4	A copy of the approved budget, and relevant documentation supporting the budget, highlighting the asset(s) to be funded by the proposed borrowing (debt) and the revenue to be received. It must be demonstrated that the proposed borrowing (debt) is consistent with the IDP, the capital budget and the revenue is shown accordingly. Council resolution of the approved budget and Appropriation Statement (Table B1 Budget Summary), see annexure B;	46(6) 17(2) 19

	Revenue streams- Service charges: sanitation revenue, electricity revenue, water revenue and Property Rates (Table B4 Budgeted Financial Performance), see annexure C; and Capital Budget schedule of projects per funding source, see annexure D.																					
5	If the borrowing (debt) is for the purpose of refinancing existing long-term borrowing (debt), the following information: • description of the asset(s) for which the original loan was required • the useful remaining life of the asset(s) • the net present value of the asset(s), including the discount rate used and any assumptions in the calculations • the net present value of projected future payments <u>before</u> refinancing, including the discount rate and assumptions used. • the net present value of projected future payments <u>after</u> refinancing, including the discount rate and assumptions used. Not applicable. Borrowing is not for the purpose of refinancing existing long-term debt	46(5)																				
6	What source of funding will be used to repay the loan? Please specify the revenue stream(s) and whether this is existing revenue, or new revenue. Existing- Service charges: sanitation revenue, electricity revenue, water revenue and Property Rates (Table B4 Budgeted Financial Performance), see annexure C	19(1)(d)																				
7	Schedule of <u>all</u> long-term borrowing (debt) obligations in the format of the QBMR showing principal and interest payments for the life of <u>all loans</u> and any associated investments set up as sinking funds etc. Quarter 4 2018/19 QBMR submitted to NT, see annexure “E”.																					
8	In the case of a municipal entity, details of any guarantee or other forms of security to be issued by the parent municipality(s) in respect to the entity’s proposed borrowing (debt). Not Applicable. No security to be provided	50																				
9	Please note: a copy of the council/board of directors’ resolution approving the borrowing (debt) instrument should be forwarded once approved. Resolution will be submitted once approved by council																					
10	Please specify the projects to be funded by the loan. <table><tr><th>Project</th><th>DBSA Loan</th><th>Capital Replacement Reserve</th><th>Total Cost</th></tr><tr><td>Main Roads Streetlight Upgrade</td><td>R 2 000 000</td><td></td><td>R 2 000 000</td></tr><tr><td>Complete 185 Mm Ring Network Vdb South</td><td>R 500 000</td><td></td><td>R 500 000</td></tr><tr><td>Ring Networks Mv</td><td>R 750 000</td><td></td><td>R 750 000</td></tr><tr><td>New Farmers 1</td><td>R 500 000</td><td></td><td>R 500 000</td></tr></table>	Project	DBSA Loan	Capital Replacement Reserve	Total Cost	Main Roads Streetlight Upgrade	R 2 000 000		R 2 000 000	Complete 185 Mm Ring Network Vdb South	R 500 000		R 500 000	Ring Networks Mv	R 750 000		R 750 000	New Farmers 1	R 500 000		R 500 000	
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	Feeder Line 11Kv Vdb Extension				
	Upgrade of Feeder in Hopefield Mvuv	R 500 000		R 500 000	
	Upgrade of Witteklip Feeder J/Bay	R 600 000		R 600 000	
	500 Kva Mini Substation	R 580 000		R 580 000	
	315 Kva Mini Substation	R 727 000		R 727 000	
	630 Kva Mini Substation	R 473 000		R 600 000	
	Construction of roads: Middelpas (Dolriet and Perel)	R 1 500 000	R 310 000	R 1 810 000	
	Upgrading of sewer network Daizville	R 1 150 000		R 1 150 000	
	Upgrading of sewer network Middelpas	R 900 000		R 900 000	
	Upgrade Vdg Sewerage Works	R 2 500 000		R 2 500 000	
	Upgrade Lbn Sewerage Works	R10 000 000	R4 535 331	R14 535 331	
	Bulk Supply Network Improvement	R 999 996	R2 540 000	R3 539 996	
	Paternoster Water Pipeline	R10 500 000	R9 033 450	R19 533 450	
	Paternoster Water Reservoir 3 MI	R5 000 000	R4 999 996	R 9 999 996	
	Total	R39 179 996	R21 418 777	R60 598 773	
11	A copy of the latest credit rating. Credit rating of Development Bank of Southern Africa, see annexure "F"				

Please forward this information, including the *certification* below, to:

National Treasury	Provincial Treasury
Mr T Pillay National Treasury MFMA Implementation Private bag X115 Pretoria 0001	MFMA Coordinator <i>See MFMA Circular No 20 for contact details of the MFMA Coordinator in your relevant provincial treasury (circular located on www.treasury.gov.za/mfma)</i>

Quarterly Borrowing Monitoring Return (QBMR)

It is necessary to review all existing borrowing (debt) obligations when commenting on proposed new borrowing (debt) instruments. This provides a long-term view of borrowing (debt) repayment obligations into the future.

Municipalities have been asked to complete quarterly returns on borrowing for the past two years. A new return was developed, in consultation with various municipalities, and provides an enhanced level of detail and graphical presentation for the benefit of the municipality. Municipalities will find this return useful for keeping track of and analysing borrowing (debt). National Treasury also uses this information to analyse the overall municipal borrowing market with a view to increasing access to capital for infrastructure projects.

The QBMR and guidelines for completion thereof can be downloaded from the National Treasury website www.treasury.gov.za/mfma located under "National Treasury Return Forms". A QBMR must be submitted electronically by all municipalities and municipal entities on the 15th day of the month following each quarter, i.e. by 15 October for the quarter ending September. Where there are no borrowings show "NIL" on the QBMR for the quarter.

Certification for long term borrowing (debt)

The certification for long-term borrowing (debt) on the following page must be completed, signed and included with the request for comment on the proposed long-term borrowing (debt). This ensures that the MM and Mayor approve the request.

Certification for long-term borrowing (debt)

Name of municipality / entity: **Saldanha Bay Municipality**

Proposed borrowing (debt): **R39 179 996**

We hereby certify that the proposed long-term borrowing (debt), as specified in the attached *information statement* and supplementary pages complies with sections 17(2), 19, 46 and 108 of the MFMA and will be used for the purposes of capital expenditure on property, plant or equipment:

- for the purpose of achieving the objects of local government as set out in section 152 of the Constitution;
- capital expenditure is appropriated in an approved multi-year capital budget;
- repayments for the duration of the loan are affordable and will be appropriated in future budgets; and
- if the loan is required to refinance existing long-term borrowing (debt), that the original borrowing (debt) was lawfully incurred and the refinancing does not extend the term of the borrowing (debt) beyond the life of the asset for which the money was originally borrowed.

A copy of the council/board of director's resolution approving the loan will be forwarded to the National Treasury and relevant provincial treasury within 7 days of approval.

Signatures:



Accounting Officer

Date: 09 April 2020

Mayor

Name:

Date: